

Agenda

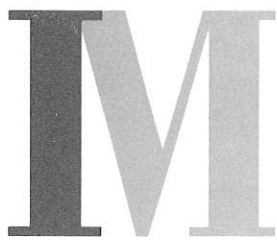
UACIM BOARD OF DIRECTORS MEETING

February 16, 1995, 11:30-3:00

UAC Offices, Salt Lake City

11:30 AM	Call To Order & Welcome	Gary Herbert
	Review of Board Member's Absent	Gary Herbert
	Approval of 12/01/94, 12/20/94, 1/17/95 and 1/24/95 Minutes	Gary Herbert
	UACIM Administrator	Gary Herbert
	Loss Prevention Report	David Nelson
	1. Inmate Medical Coverage	
	2. Mandated Requirements	
	3. Investigation into the State Contracts	
	County Exposure Questionnaires	Brent Gardner
12:30 PM	LUNCH BREAK	
	Loss Summary and Financial Statement Review	Brent Gardner
	Brokerage Report	Jess Hurtado
	1. Underwriting response on Contaminants, Pollutants, etc.	
	2. Exclusion Clarification of Criminal Abuse Relating to Sexual Harassment	
	3. Board Options regarding Surplus Held in Escrow & Claim Payment Priority	
	4. Renewal 1995	
	5. Box Elder County Nursing Home Liability	
	Litigation Committee & Claims Report	Kent Sundberg, Doug Alexander
	1. Millard County Fire District	
	2. Court Cases on Immunity Caps	
	3. Discoverable Files in Third Party Litigation	
	Personal Use of County Vehicles	Brent Gardner
	Other Business	Gary Herbert
3:00 PM	Adjourn	Gary Herbert

NOTES:



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

UAC INSURANCE MUTUAL MINUTES, BOARD OF DIRECTORS MEETING

February 16, 1995, 11:30 a.m.
UAC Offices, Salt Lake City

Members Present:

Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Robert Gardner, *Secretary*, Iron County Commissioner
Dennis Ewing, *Comptroller*, Tooele County Clerk
Sid Groll, Cache County Sheriff
Sarah Ann Skanchy, Cache County Councilwoman

Members Absent:

Ken Brown, Rich County Commissioner
Ty Lewis, San Juan County Commissioner
Gary Sullivan, Beaver County Commissioner

Others Present:

John Rausch, Box Elder County Purchasing Agent
Kent Sundberg, Utah County Deputy Attorney
Brent Gardner, UACIM Administrator
Sonya White, UACIM Administrative Assistant
David Nelson, UACIM Loss Prevention Manager
Jess Hurtado, UACIM Broker
Doug Alexander, UACIM Claims Administrator

CALL TO ORDER

Chairman Gary Herbert confirmed that he would be late to this meeting and requested that the Vice Chairman conduct the meeting until his arrival. Gerald called the meeting to order at 11:45 a.m., and welcomed John Rausch to this meeting.

REVIEW OF BOARD MEMBERS ABSENT

Gary Sullivan indicated that he would be out of state if the next meeting was scheduled for February 16. Ken Brown requested to be excused due to an AOG meeting that required his attendance. Ty Lewis requested to be excused due to his involvement in a San Juan County Wilderness Hearing. Sarah Ann made a motion to excuse those Board Members absent. Dennis seconded the motion and the motion carried.

APPROVAL OF MINUTES

The minutes from the December 1 meeting was previously reviewed by the Board. Sarah Ann made a motion to approve the minutes as written. Robert seconded the motion and the motion carried.

The minutes from the December 20, January 17, and January 24 telephonic conferences were reviewed by the Board. Dennis made a motion to approve the minutes as written. Sarah Ann seconded the motion and the motion carried.

LOSS PREVENTION REPORT

David reviewed his written report with the Board (see attachment #1). This report was previously mailed to the Board for their review before this meeting. David began discussion with #14-Inmate Medical Coverage. David met with the Sheriff's Association in December and reviewed coverage information from IMS which had many exclusions and a high deductible. Keri Chappell is looking into another company and will work with Gary DeLand, Sheriff's Association Administrator, for review. The Sheriff's Association is meeting later today wherein Sid will get an update and give a recommendation to the Board at the next meeting.

LOSS PREVENTION REPORT, CONT.

#16-Mandated Requirements. David reviewed the by-laws with the Board, Article 11 (g) *Obligation of Members* to follow the claims, loss reduction and prevention, and risk management policies and procedures established by the Board. The Board agreed that the by-laws would not need to be amended but that these mandated requirements (1) Safety Policy and (2) Seat Belt Policy be a Board requirement for the member counties. The Board reviewed the sample *Employee Seat Belt Restraint Use* policy (see attachment #2). Dennis made a motion to adopt a Safety Policy and Seat Belt Policy as a Board mandated requirement for the member counties effective January 1, 1996, and that David will supply the member counties with samples of these types of policies and incorporate this recommendation in each county's risk review. Also, require that the member counties include the first paragraph in Section III, of the sample *Employee Seat Belt Restraint Use* policy, in their own policy. Sid seconded the motion and the motion carried.

#17-Interagency Agreements. Pursuant to the December Board meeting, David contacted several agencies in this regard and found a general consensus to be (1) formulate agreements in writing between agencies, (2) the agreements should indicate each agency would respond to another in event of need, and (3) the agreement should indicate that each agency would be responsible for its own equipment in event of loss and that the owner would be financially responsible.

The Chair was turned over to Gary Herbert.

COUNTY EXPOSURE QUESTIONNAIRES

In Brent's place, Jess reviewed with the Board a letter that was sent to Brent from Keri Chappell regarding those member counties who have not responded to the renewal questionnaire and building appraisal requests. Those counties who have not responded to the renewal questionnaire are: Beaver, Cache, Juab, Kane, Piute, Uintah and Wayne. Those counties who have not responded to the building appraisal request are: Beaver, Duchesne, Emery, Grand, Kane, San Juan, Tooele, Utah, Wasatch, Wayne. Without this information it is hard for the Brokers to negotiate with the excess carriers because the UACIM's exposure cannot be completely defined. The Brokers should be going out to market no later than August and everything in place by the Annual Membership meeting in November so that all the information can be disseminated to the general membership. In some cases, negotiations are still going on for 1995 due to lack of data. Somehow the message must get out to the members that their quick response is imperative. The renewal questionnaire is only one page and requests' automobile and property schedules. A second notice was mailed to those counties not responding to the building appraisal request, on December 1 indicating that assistance would be requested of the Multi-County Appraisal Trust if the appraisals were not completed within the next 30 days.

Gerald made a motion, regarding the renewal questionnaires, that a letter from the Board be sent to the Commission/Council chairperson with copy to the county insurance coordinator explaining the importance and requesting immediate completion of the renewal questionnaire. If the questionnaire is not received within 10 days of receipt of this letter that a representative from the UACIM will travel to the county to assist in the completion of the questionnaire at cost to the county. Dennis seconded the motion and the motion carried.

Gerald made a motion, regarding the building appraisals, that the Multi-County Appraisal Trust be asked to contact those counties who have not responded to offer assistance along with a letter from the Board to be sent to the Commission/Council chairperson with a copy to the county insurance coordinator indicating there has been no response to the December 1 letter and therefore the UACIM assumes that the counties would like the UACIM to contact outside appraisal assistance, at cost to the county (approximate costs listed), which will take place in the next 30 days. Dennis seconded the motion and the motion carried.

Sid was excused from the remainder of the meeting.

UACIM ADMINISTRATOR

The Board reviewed once again the job description for a full time Administrator for UACIM. Monies have been budgeted for this position and the board agreed to go through the process of hiring someone. The Board agreed that the title will be Assistant Administrator and paid under the UACIM Administrative Contract. Dennis made a motion for UAC to begin the process to hire an Assistant Administrator (salary range \$45,000-\$55,000) wherein Gerald and Kent will revise the language in the job description to reflect assistant duties accountable to the Board of Directors and the UAC Executive Director. Sarah Ann seconded the motion and the motion carried.

LOSS SUMMARY & FINANCIAL STATEMENT REVIEW

Brent reviewed the financial statements for the month ending December 31, 1994, going through the budget sheet for each year since inception. Jess explained that IBNR claim reserves may be listed on the financials for up to 13 years according to the insurance industry. Utah statute of limitations is four years on civil rights claims and one year on other claims. The sooner these reserves can be closed, the sooner that money will go back into surplus. Gerald made a motion to accept the financial statements as presented. Robert seconded the motion and the motion carried.

AUTO PHYSICAL DAMAGE/PERSONAL USE OF COUNTY VEHICLES

Brent discussed with the Board the impact of the auto physical damage losses on the UACIM. Before joining the UACIM, the member counties were paying auto physical damage claims out of their own budgets. UACIM pays first dollar for these types of claims. Brent gave the Board three options for consideration to help control these losses and transfer the responsibility back to the county to control losses, (1) no first dollar amount coverage, (2) add a deductible on physical damage, and (3) claim amounts deducted from the department budget where the claim occurred. The Board did not feel that number three should be an option to consider.

Jess handed to the Board a written report regarding the 1995 renewal options with National Union Fire Insurance Company (see attachment #3). Jess explained that in 1992 the attachment point was \$850,000. Now in 1995, UACIM is looking at blowing through this number by \$362,500, which is money that National Union will have to pay to UACIM. Because UACIM was so close to the attachment point, National Union raised the attachment point for 1993 to \$1,100,000. UACIM is looking at blowing through that by \$485,700. UACIM has paid in premium to National Union, \$290,000 in 1992, \$333,000 in 1993, and \$314,000 in 1994 which puts UACIM at a 100% loss ratio for the Brokers to negotiate with. National Union has agreed not to raise the 1995 premium rate but has increased the attachment point to \$2,250,000. Jess is continuing to negotiate the attachment point which National Union has offered the following options: If UACIM implements a \$5,000 deductible for automobile physical damage, the attachment point will be decreased by \$100,000. If a \$10,000 deductible is implemented to auto physical damage, the attachment point will be decreased by \$140,000. A \$1,000 deductible did not have enough impact to justify any deduction. The Board agreed to ponder this information and continue discussion at the next Board meeting in order to address the issue with the general membership at the Membership Meeting in April.

Regarding personal use, Doug expressed concern involving those county employees, who have unlimited use of a county vehicle, that may use a county vehicle for personal use and become involved in an accident while on personal business. There have been some claims that may be questionable in this regard. Personal use increases the county's exposure. If the purpose of use is questionable in an accident, the claim can be reported to both the employees personal auto insurance carrier and UACIM.

LITIGATION COMMITTEE & CLAIMS REPORT

1. Millard County Fire District The Board had requested Kent to meet with the Millard County Attorney, LeRay Jackson, to discuss this matter. Kent and LeRay spoke extensively over the phone wherein Kent expressed his opinion as to how the Fire District could come into compliance with the UACIM policy statement. LeRay was of the opinion that the county would amend their by-laws to bring the District into compliance and if they were unable to do so (if the cities opposed what needed to be done) then they would seek coverage elsewhere. Kent was under the impression that these changes to the by-laws were made but neither Kent or Jess have seen anything in writing.

LITIGATION COMMITTEE & CLAIMS REPORT CONT.

2. Court Cases on Immunity Caps This issue refers to the possible need of UACIM having an attorney as general counsel to represent the UACIM as needed. The Litigation Management Committee (LMC) discussed this in a meeting yesterday and the consensus of the LMC is that it may be a good idea to have someone on board in such a capacity. The LMC also recommended to the Board that they allow the LMC to compose a job description and give recommendations of candidates to the Board. The Board would like to review the budget first and then check if there was anyone that would work with UACIM on a case by case basis.

3. Discoverable Files in Third Party Litigation, Upon review of the cases surrounding discoverable files, the LMC agreed that because UACIM is under Governmental Immunity, a lot of this will be controlled by the GRAMA Act. UACIM just needs to be sure the claim documents are classified properly. The LMC also discussed a policy for the handling of claims at a county level and would recommend to the Board that UACIM involve the county attorney's in the claim process. The Board agreed to address this issue with the membership at the meeting in April.

BROKERAGE REPORT

4. 1995 Renewal Previously discussed under the Auto Physical Damage/Personal Use of County Vehicles agenda item. The Board will continue discussion at the next meeting.

5. Box Elder County Nursing Home Liability John Rausch attending this meeting to be involved in this discussion. Jess explained that Box Elder County has two nursing homes covered by UACIM since inception. These nursing homes were recently contractually turned over to a third-party for management. The county no longer has the exposure of these facilities and/or the responsibility of the employees. The county has approached Jess and Brent, who are bringing this issue to the Board, to seek some relief from their annual premium. This change was effective September 1994, and the UACIM is looking at approximately \$10,800 in annual premium for this exposure. John Rausch said that Box Elder County has retained ownership of the real estate and wants to continue coverage for only the buildings. The Board agreed to have Kent and Doug review the agreements between the third-party(s) and Box Elder County and return to the Board with a recommendation involving the county's premium.

John Rausch excused himself from the meeting.

Do to the time shortage, the Board asked if the remainder of the Brokerage Report could be continued at the next Board meeting. Jess indicated that he would continue his report at the next meeting.

LITIGATION COMMITTEE & CLAIMS REPORT CONT.

Sarah Ann made a motion for the Board to go into executive session to discuss the Litigation Committee & Claims Report. Dennis seconded the motion and the motion carried.

Dennis made a motion for the Board to come out of executive session. Sarah Ann seconded the motion and the motion carried.

Sarah Ann made a motion to authorize settlement of claim number 801BOX947023 in an amount up to \$40,000 for all claims. Dennis seconded the motion and the motion carried.

Sarah Ann made a motion to authorize settlement of claim number 801IRO947005 in an amount up to \$150,000 for all claims. Dennis seconded the motion and the motion carried.

Robert was excused from the remainder of the meeting.

Doug & Kent continued by discussing with the Board cases involving Davis, Iron, Tooele, Uintah and Wasatch Counties. Regarding the discussion involving the Wasatch County claims, Gary will personally contact the county commissioners to discuss this matter. Also, Jess will send copies of *insurance declination letters for drivers* to the Board prior to the next Board meeting so that the Board may be able to take action at the next meeting.

OTHER BUSINESS

Gerald voiced his concerns with the scheduling delay of this meeting. The January 1995 Board meeting was canceled. The Board agreed to set an annual schedule for the UACIM Board of Directors meetings for the Board members to stand by and schedule around. This schedule will be approved at the next meeting.

Gary explained that he, Ty, Brent and Jess met with the Grand County Council, Administrator, and insurance coordinator. The meeting was very productive and shortly thereafter Brent and Jess were informed that Grand County has decided to stay with the UACIM.

An agenda for the Annual PRIMA Conference was given to each Board member for review. If any Board member is interested in attending they may contact Sonya.

The next Board of Directors meeting will be held on March 9, 1995, at 11:00-3:00 in the UAC Offices.

LOSS PREVENTION REPORT

UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL
Board of Directors Meeting, February 16, 1995

1. Loss Prevention meeting with Washington County.
2. Working on the Drug-Free Workplace Task Force - meeting with Committee.
3. Risk Review Report - Tooele County.
4. Risk Review Report - Sanpete County.
5. Road Department Loss Prevention Training - Tooele County.
6. Road Department Loss Prevention Training - Sanpete County.
7. Sanpete County Commission meeting - Loss Prevention update.
8. Meeting with Ryan Anderson, Sanpete County Auditor.
9. Meeting with Sanpete County Search and Rescue Unit.
10. Road School in St. George - planning and involvement.
11. PRIMA Chapter meeting.
12. Newly Elected Commissioner's Workshop training.
13. Millard County Commission meeting - Loss Prevention update.
14. Inmate Medical Coverage.
15. Equipment - automobile for Loss Prevention Manager
16. Mandated Requirements.
17. Interagency Agreements.

Aon Insurance Management Services, Inc.
2180 South 1300 East - Suite 500
Salt Lake City, Utah 84106
801/488-2550

Facsimile: 801/488-2559



National Union Fire Insurance Company

1995 Renewal Options

Early on we received conformation from the underwriter that there would be no rate increase for 1995. However, due to the potential for excessive loss in the area of the Aggregate Loss Fund Coverage the carrier wanted to take a very careful look at the 1995 attachment point.

Please keep in mind that the Aggregate Coverage for the Loss Fund is as important to the financial security to the Mutual as the Coverages to the members. Therefore, to lose this coverage due to excessive losses would be a disaster.

So far the projected losses to the Aggregate Loss Fund for 1992 and 1993 are estimated at \$848,178.93 to the excess carrier. This amount of loss is unacceptable from their underwriting point of view. In addition, please note that of all the coverages, this is the one area where the carrier does not anticipate paying for claims.

After careful underwriting and consideration of the actuarial information, an Aggregate Attachment Point was offered at \$2,500,000. This position was rejected by our marketing department and after considerable negotiation the attachment point was reduced to \$2,250,000. We continued to negotiate hoping to bring the attachment point down to a lower level. After weeks of discussion we have finally obtained the following options:

If UACIM implements a \$5,000. deductible for Automobile Physical Damage the attachment point will be decreased by \$100,000. to \$2,150,000.

If UACIM implements a \$10,000. deductible for Automobile Physical Damage the attachment will be decreased by \$140,000. to \$2,110,000.

As you can see, the bulk of the Automobile claims fall in the \$5,000. deductible area.

EMPLOYEE SEAT BELT RESTRAINT USE

- I. Purpose: To define the policy of the UAC Insurance Mutual regarding the use of seat belt restraints by county employees.
- II. Background: Research has proven that occupants of vehicles who are wearing seat belt restraints are less likely to be injured when involved in vehicular accidents.
- III. Policy: It shall be the policy of the UAC Insurance Mutual to require county employees and their passengers to wear seat belt restraints while driving or riding in any vehicle (private, rental or county vehicle) being used for county business, in or out of the State. All occupants of the vehicle shall wear seat belt restraints.

Any supervisor who becomes aware of a violation of this policy within his or her jurisdiction shall issue a letter of warning to the employee. A copy of this letter shall be signed by the employee and placed in the employee's personnel file. Subsequent violations shall be treated in accordance with disciplinary procedure, which could include suspension without pay and finally dismissal for continued and repeated violations.

The health and safety of county employees is a priority. The UAC Insurance Mutual also strongly encourages use of seat belt restraints in all non-employee situations as a protection to the employee, the employee's family and as a positive example to the citizens of Utah.



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

UAC INSURANCE MUTUAL
MINUTES, BOARD OF DIRECTORS
EXECUTIVE SESSION

February 16, 1995
UAC Offices, Salt Lake City

Members Present:

Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Robert Gardner, *Secretary*, Iron County Commissioner
Dennis Ewing, *Comptroller*, Tooele County Clerk
Sarah Ann Skanchy, Cache County Councilwoman

Others Present:

Kent Sundberg, Utah County Deputy Attorney
Sonya White, UACIM Administrative Assistant
David Nelson, UACIM Loss Prevention Manager
Jess Hurtado, UACIM Broker
Doug Alexander, UACIM Claims Administrator

Executive session was held to discuss the Litigation Committee and Claims Report.

